

## **House Energy Policy Committee Testimony HB 4297, HB 4298**

### **Michigan Biomass**

*May 7, 2015*

*Gary Melow, Director*

Michigan Biomass is a coalition of the state's wood-fired power producers operating under long-term power purchase agreements (PPAs) with Consumers Energy Co., which were in effect and on-line prior to adoption of Renewable Portfolio Standards in 2008.

We are neutral on HB 4297 and HB 4298 as introduced.

Michigan's biomass power plants play a significant role in the state's energy portfolio. It is homegrown domestic power that provides a suite of benefits to rural economies, various industries and the environment. It accounted for 27% of the RECs created by Michigan renewable energy systems through 2014 that, in the vast majority of cases, were provided at no additional cost to Consumers Energy or its ratepayers.

While we're neutral on the entirety of the two bills, Michigan Biomass supports the integrated resource planning process (IRP) outlined in HB 4298 that creates the integrated resource planning process (IRP), which allows non-utility generators to participate in the process and requires utilities' include non-utility generation in their plans.

We are neutral on keeping the RPS at 10%. The members of Michigan Biomass provide Consumers Energy with renewable power under power purchase agreements that existed before RPS enactment.

Still, Michigan's biomass power plants are an important and vital part of the state's energy portfolio, and warrant considerations found in the proposed IRP. We have a relevant role to play in Michigan's energy future. Biomass provides rural jobs and supports rural economies, aids forest resources and related industries, gives technical support to the power grid, brings diversity to the state's energy mix and contributes to reserve capacity and Michigan's reliability needs.

Thank you for this opportunity to testify. Michigan Biomass looks forward to working with the committee and the legislature as this important policymaking moves forward.

### **Biomass power background**

---

#### **Economics**

Wood-based energy supports rural economies and provides rural jobs. It is fueled with byproducts of the forest products industry, clean wood waste like crates and pallets diverted from landfills, and other materials that pose disposal problems, such as scrap tires and broken railroad ties. Biomass power

creates markets for these low- and no-value materials, and creates a sensible, cost-effective outlet for materials that can't be landfilled, shouldn't be landfilled, or would otherwise rot in the forest or be openly burned.

### **Environment**

Woody biomass reduces the cost of forest health and stewardship treatments, and wildlife habitat maintenance and development by providing a market for low-value wood. Diversion of wood wastes preserves landfill space and provides a disposal option for railroad ties and scrap tires, which are banned from Michigan landfills and instead are processed into alternative fuels co-fired in small amounts with biomass.

Biomass power as practiced in Michigan is carbon neutral according to the U.S. EPA Biogenic Accounting Framework and is eligible for Sec. 111(d) compliance.

### **Technical support**

Biomass power is baseload generation that is unaffected by EPA Mercury and Air Toxins rules that are closing coal plants. Therefore, it will continue to support Michigan reserve capacity and reliability. It will help Michigan reach its EPA carbon emission goals. Biomass is distributed energy that provides critical voltage support for the grid, and brings diversity to the state's energy portfolio.

### **Michigan Biomass Members**

- |                                |       |
|--------------------------------|-------|
| 1. Cadillac Renewable Energy   | 38 MW |
| 2. Genesee Power Station       | 38 MW |
| 3. Grayling Generating Station | 38 MW |
| 4. Hillman Power Co.           | 18 MW |
| 5. Viking Energy/Lincoln       | 18 MW |
| 6. Viking Energy/McBain        | 18 MW |

